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# **NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

## **FINANCIAL STATEMENTS AND SCHEDULES**

**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

**WITH INDEPENDENT AUDITORS' REPORT THEREON**

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **MAY 22 2013**



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**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**  
**FINANCIAL STATEMENTS AND SCHEDULES**  
**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**  
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**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

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## **Independent Auditors' Report**

The Board of Commissioners  
New Orleans City Park Improvement Association

We have audited the statements of net assets of the New Orleans City Park Improvement Association (the Park) as of June 30, 2012 and 2011, and the related statements of changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Park's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Park's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Park as of June 30, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2012 on our consideration of the Park's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 and the Schedule of Funding Progress for Louisiana's State OPEB Plan on page 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing

standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in the Schedules of Operating Expenses on page 27 is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



New Orleans, Louisiana  
December 17, 2012

## **NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

### **Management's Discussion and Analysis, continued**

**June 30, 2012 and 2011**

This section of the New Orleans City Park Improvement Association (the Park) financial report presents a discussion and analysis of the Park's financial performance during the year ended June 30, 2012 and 2011. Please read it in conjunction with the Park's financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

#### **2012 Highlights**

The Park's net assets represent approximately 92% of total assets of approximately \$56.8 million at June 30, 2012. At June 30, 2011, the Park's net assets approximated 90% of total assets of approximately \$52.8 million.

The Park's increase in net assets was approximately \$4.4 million for the year ended June 30, 2012 as compared to an increase of approximately \$8.1 million for the year ended June 30, 2011. In addition, the Park's cash used in operating activities was approximately \$1.3 million in 2012 as compared to cash used in operating activities of approximately \$1.1 million in 2011.

#### **2011 Highlights**

The Park's net assets represent approximately 90% of total assets of approximately \$52.8 million at June 30, 2011. At June 30, 2010, the Park's net assets approximated 90% of total assets of approximately \$43.7 million.

The Park's increase in net assets was approximately \$8.1 million for the year ended June 30, 2011 as compared to an increase of approximately \$6.0 million for the year ended June 30, 2010. In addition, the Park's cash used in operating activities was approximately \$1.1 million in 2011 as compared to cash used in operating activities of approximately \$2.5 million in 2010.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This financial report consists of four parts: management's discussion and analysis (this section), the basic financial statements, the notes to the financial statements, and other supplementary information.

The financial statements provide both long-term and short-term information about the Park's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplemental information that further explains and supports the information in the financial statements.

## NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

### Management's Discussion and Analysis, continued

June 30, 2012 and 2011

The Park's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statements of Changes in Net Assets. All assets and liabilities associated with the operation of the Park are included in the Statements of Net Assets.

The Statements of Net Assets reports the Park's net assets. Net assets, the difference between the Park's assets and liabilities, are one way to measure the Park's financial health or position. The increase in the Park's net assets in 2012 over 2011 is an indicator of its positive financial health.

### FINANCIAL ANALYSIS OF THE PARK – 2012

#### **Net Assets**

The Park's total net assets at June 30, 2012 increased 9% to \$52.0 million (See Table A-1). Total assets increased 9% to approximately \$56.8 million, and total liabilities decreased 5% to approximately \$4.7 million. The increase in net assets is mainly attributable to the purchase of property and equipment funded through public and private capital contributions.

<b>TABLE A-1</b>			
<b>NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION</b>			
<b>Statements of Net Assets</b>			
<b>June 30, 2012 and 2011</b>			
<b>Assets</b>	<b>2012</b>	<b>2011</b>	<b>Increase (Decrease)</b>
Current assets	\$ 4,796,925	\$ 4,668,782	\$ 128,143
Investments	2,140,742	1,271,828	868,914
Capital assets	49,816,820	46,853,157	2,963,663
<b>Total assets</b>	<b>\$ 56,754,487</b>	<b>\$ 52,793,767</b>	<b>\$ 3,960,720</b>
Current liabilities	3,000,870	3,143,675	(142,805)
Other postretirement benefits	1,725,900	2,050,575	(324,675)
<b>Total liabilities</b>	<b>4,726,770</b>	<b>5,194,250</b>	<b>(467,480)</b>
Net assets:			
Invested in capital assets, net	49,816,820	46,853,157	2,963,663
Restricted	2,367,005	1,583,387	783,618
Unrestricted	(156,108)	(837,027)	680,919
<b>Total net assets</b>	<b>52,027,717</b>	<b>47,599,517</b>	<b>4,428,200</b>
	<b>\$ 56,754,487</b>	<b>\$ 52,793,767</b>	<b>\$ 3,960,720</b>

## **NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

### **Management's Discussion and Analysis, continued**

**June 30, 2012 and 2011**

Total current assets increased by \$128,000 due primarily to an increase in cash and investments of \$317,000 that was partially offset by a decrease in receivables of \$196,199 at June 30, 2012 compared to June 30, 2011. Capital assets increased due to construction of the new Festival Ground's and other improvements throughout the Park. This increase was partially offset by the continued depreciation of the capital assets. Included in the federal receivable at June 30, 2012 and 2011 is approximately \$527,000 and \$106,000, respectively, which is for construction of the new Festival Grounds funded through a Community Development Block Grant from the Housing and Urban Development through the City of New Orleans.

Total liabilities decreased by \$467,000 primarily due to change in estimate, which resulted in a \$325,000 decrease in the actuarial accrued liability (AAL) on the Other Post Employment Benefits (OPEB) liability. In addition, current liabilities decreased by approximately \$143,000 and combined with the aforementioned \$128,000 increase in current assets allowed working capital to improve by \$271,000. Higher revenues, which outpaced the increase in operating expenses accounted for the improvement in the Park's liquidity.

Net assets grew by approximately \$4.4 million as explained in the following section. Net assets invested in capital assets reflect fixed assets, net of accumulated depreciation, net of debt balance for capital leases. Restricted assets reflect assets restricted by a donor and/or contractual agreements for specific purposes.

#### **Changes in Net Assets**

The change in net assets for the year ended June 30, 2012 was an increase of approximately \$4.4 million compared to an increase in net assets of approximately \$8.1 million for the year ended June 30, 2011. Total operating revenues increased by \$1.5 million or 16% to \$11.0 million. Operations were strong across the Park, including an increase of \$1.1 million in Catering, which benefited from the opening of the Arbor Room at Popp's Fountain in October of 2011. In addition, golf, horticulture and tennis operations experienced a combined increase of over \$446,000. Total operating expenses increased by \$920,000 or 7% to approximately \$14.9 million. Higher depreciation from the increased number of completed facilities and improvements accounted for \$259,000 of the increase. As a result of higher sales volumes, expenses increased by a combined \$920,000 in catering, golf, horticulture and tennis operations. These increases were partially offset by a decrease in post retirement benefits expense of \$669,000 based on a change in estimate of the actuarial accrued liability. The changes in net assets are detailed in Table A-2, operating expenses are detailed in Table A-3.

Net non-operating income and expenses decreased \$1.5 million or 53% to approximately \$4.2 million. Contributions by others to the endowment held in trust for the Park at the Greater New Orleans Foundation increased \$797,000 to \$805,000. In addition, the Park received insurance proceeds from the State of Louisiana Office of Risk Management in the amount of \$801,606 related to damage claim allocation from Hurricane Katrina.

Capital contributions decreased by \$5.7 million or 58% due to a large number of projects that were completed in the year ended June 30, 2012. Federal capital contributions totaled \$2.2 million were mostly from HUD CDBG funding of the construction of the new Festival Grounds. State and City of



**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**Management's Discussion and Analysis, continued**

**June 30, 2012 and 2011**

New Orleans capital contributions were \$577,000 and 422,000, respectively. The remaining \$1.0 million of capital contributions were from private sources, including \$647,000 from the Friends of City Park.

<b>TABLE A-2</b>			
<b>NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION</b>			
<b>Statements of Changes in Net Assets</b>			
<b>For the year ended June 30, 2012 and 2011</b>			
	<b>2012</b>	<b>2011</b>	<b>Increase (Decrease)</b>
<b>Operating Revenues</b>			
Amusements and other events	\$ 3,700,536	\$ 3,727,371	\$ (26,835)
Concessions, catering, and restaurant	3,813,133	2,702,718	1,110,415
Golf operations	1,610,764	1,448,729	162,035
Horticulture, grounds and pavilion	671,410	653,986	17,424
Other	1,161,864	877,717	284,147
Total operating revenues	10,957,707	9,410,521	1,547,186
<b>Operating expenses:</b>			
Amusement and other events	1,814,407	1,685,000	129,407
Concessions, catering, and restaurant	2,950,270	2,314,390	635,880
Golf operations	1,341,074	1,235,617	105,457
General park	4,094,403	3,946,964	147,439
Depreciation	3,181,606	2,922,588	259,018
Horticulture and grounds	861,015	751,876	109,139
Other postretirement benefit expense	(324,675)	344,506	(669,181)
Other	989,741	787,007	202,734
Total operating expenses	14,907,841	13,987,948	919,893
Operating loss	(3,950,134)	(4,577,427)	627,293
Nonoperating income	4,199,107	2,739,063	1,460,044
Capital contributions	4,179,227	9,897,253	(5,718,026)
Changes in net assets	4,428,200	8,058,889	(3,630,689)
Total net assets, beginning of the year	47,599,517	39,540,628	8,058,889
Total net assets, end of the year	\$ 52,027,717	\$ 47,599,517	\$ 4,428,200

## NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

### Management's Discussion and Analysis, continued

June 30, 2012 and 2011

**TABLE A-3**  
**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**  
Schedule of Operating Expenses  
For the years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>
Payroll	\$ 4,779,685	\$ 4,291,941	\$ 487,744
Cost of goods sold	1,456,796	1,135,305	321,491
Contract labor	348,935	269,734	79,201
Depreciation	3,181,606	2,922,588	259,018
Payroll benefits	678,325	597,785	80,540
Utilities	543,309	536,938	6,371
Repairs and maintenance	689,728	658,521	31,207
Insurance	278,971	272,583	6,388
Other postretirement benefits expense	(324,675)	344,506	(669,181)
Other	<u>3,275,161</u>	<u>2,958,047</u>	<u>317,114</u>
Total operating expenses	<u>\$ 14,907,841</u>	<u>\$ 13,987,948</u>	<u>\$ 919,893</u>

### **FINANCIAL ANALYSIS OF THE PARK – 2011**

#### **Net Assets**

The Park's total net assets at June 30, 2011 increased 20% to \$47.6 million (See Table A-4). Total assets increased 21% to approximately \$52.8 million, and total liabilities increased 25% to approximately \$5.2 million. The increase in net assets is mainly attributable to the purchase of property and equipment funded through public and private capital contributions.

Total current assets decreased by \$592,000 due primarily to the decrease in the receivable from the Friends of City Park at June 30, 2011 compared to June 30, 2010. Capital assets increased due to construction of the new facilities for administration and tennis and other improvements throughout the park. This increase was partially offset by the continued depreciation of the capital assets. Included in the federal receivable at June 30, 2011 and 2010 is approximately \$314,000 and \$273,000, respectively, which is for FEMA project worksheets that are obligated as of the report issuance date.

Total liabilities increased by \$1.0 million primarily due to increases in due to other governments for the reimbursement to the State of the Park's share of construction costs and insurance proceeds applied to paid FEMA project worksheets in the amount of \$314,000 and \$393,000, respectively. Included in deferred revenue at June 30, 2011 and 2010, is \$27,561 for FEMA public assistance grants that have been funded to the Park, however, the Park has not expended the funds.

## NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

### Management's Discussion and Analysis, continued

June 30, 2012 and 2011

Net assets grew by approximately \$8.1 million as explained in the following section. Net assets invested in capital assets reflect fixed assets, net of accumulated depreciation, net of debt balance for capital leases. Restricted assets reflect assets restricted by a donor and/or contractual agreements for specific purposes.

<b>TABLE A-4</b>			
<b>NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION</b>			
<b>Statements of Net Assets</b>			
<b>June 30, 2011 and 2010</b>			
<b>Assets</b>	<b>2011</b>	<b>2010</b>	<b>Increase (Decrease)</b>
Current assets	\$ 4,668,782	\$ 5,260,448	\$ (591,666)
Investments	1,271,828	1,082,012	189,816
Capital assets	46,853,157	37,364,723	9,488,434
<b>Total assets</b>	<b>\$ 52,793,767</b>	<b>\$ 43,707,183</b>	<b>\$ 9,086,584</b>
Current liabilities	3,143,675	2,460,486	683,189
Insurance payable	2,050,575	1,706,069	344,506
<b>Total liabilities</b>	<b>5,194,250</b>	<b>4,166,555</b>	<b>1,027,695</b>
Net assets:			
Invested in capital assets, net	46,853,157	37,364,723	9,488,434
Restricted	1,583,387	1,272,541	310,846
Unrestricted	(837,027)	903,364	(1,740,391)
<b>Total net assets</b>	<b>47,599,517</b>	<b>39,540,628</b>	<b>8,058,889</b>
	<b>\$ 52,793,767</b>	<b>\$ 43,707,183</b>	<b>\$ 9,086,584</b>

### **Changes in Net Assets**

The change in net assets for the year ended June 30, 2011 was approximately an increase of \$8.1 million compared to an increase in net assets of approximately \$6.0 million for the year ended June 30, 2010. Total operating revenues increased by \$1.9 million or 25% to \$9.4 million. Operations were strong across the Park, including an increase of \$1.1 million in Amusements, concerts and other events. In addition, golf, catering, and restaurant operations experienced a combined increase of over \$500,000. Total operating expenses increased by \$1.6 million or 13% to approximately \$14.0 million. Higher depreciation from the increased number of completed facilities and improvements accounted for \$644,000 of the increase. As a result of higher sales volumes, expenses increased by a combined \$606,000 in amusements and other events, golf, catering and restaurant operations. The changes in net assets are detailed in Table A-5; operating expenses are detailed in Table A-6.

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**Management's Discussion and Analysis, continued**

**June 30, 2012 and 2011**

<b>TABLE A-5</b> <b>NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION</b> <b>Statements of Changes in Net Assets</b> <b>For the years ended June 30, 2011 and 2010</b>			
	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>Increase (Decrease)</u></b>
Operating Revenues.			
Golf operations	\$ 3,727,371	\$ 2,648,620	\$ 1,078,751
Amusements and other events	2,702,718	2,434,757	267,961
Concessions, catering, and restaurant revenue	1,448,729	1,186,101	262,628
Horticulture, grounds and pavilion	653,986	647,242	6,744
Other	877,717	636,191	241,526
Total operating revenues	<u>9,410,521</u>	<u>7,552,911</u>	<u>1,857,610</u>
Operating expenses			
Golf operations	1,685,000	1,364,518	320,482
General park	2,314,390	2,145,608	168,782
Casino, catering, and restaurant expense	1,235,617	1,118,269	117,348
Amusement and other events	3,946,964	3,644,740	302,224
Depreciation	2,922,588	2,278,103	644,485
Horticulture and grounds	751,876	796,633	(44,757)
Hurricane Katrina / Gustav loss	230	23,503	(23,273)
Other postretirement benefit expense	344,506	351,356	(6,850)
Other	786,777	676,051	110,726
Total operating expenses	<u>13,987,948</u>	<u>12,398,781</u>	<u>1,589,167</u>
Operating loss	(4,577,427)	(4,845,870)	268,443
Nonoperating income	2,739,063	4,031,789	(1,292,726)
Capital contributions	<u>9,897,253</u>	<u>6,830,545</u>	<u>3,066,708</u>
Changes in net assets	8,058,889	6,016,464	2,042,425
Total net assets, beginning of the year	<u>39,540,628</u>	<u>33,524,164</u>	<u>6,016,464</u>
Total net assets, end of the year	<u>\$ 47,599,517</u>	<u>\$ 39,540,628</u>	<u>\$ 8,058,889</u>

## **NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

### **Management's Discussion and Analysis, continued**

**June 30, 2012 and 2011**

<b>TABLE A-6</b>			
<b>NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION</b>			
<b>Schedule of Operating Expenses</b>			
<b>For the years ended June 30, 2011 and 2010</b>			
	<b>2011</b>	<b>2010</b>	<b>Increase (Decrease)</b>
Payroll	\$ 4,291,941	\$ 4,207,291	\$ 84,650
Cost of goods sold	1,135,305	932,289	203,016
Contract labor	269,734	207,510	62,224
Depreciation	2,922,588	2,278,103	644,485
Payroll benefits	597,785	606,969	(9,184)
Utilities	536,938	417,896	119,042
Repairs and maintenance	658,521	278,113	380,408
Insurance	272,583	330,649	(58,066)
Hurricane Katrina / Gustav	230	23,503	(23,273)
Other postretirement benefits	344,506	351,356	(6,850)
Other	2,957,817	2,765,102	192,715
Total operating expenses	<u>\$ 13,987,948</u>	<u>\$ 12,398,781</u>	<u>\$ 1,589,167</u>

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **2012 Capital Assets**

As of June 30, 2012, the Park's investment in capital assets approximated \$49.8 million, net of accumulated depreciation. This investment consists principally of buildings and related improvements, ground improvements, and equipment. At June 30, 2012, the Park has construction in progress of approximately \$4.9 million relating to projects throughout the Park, including \$2.4 million for the new Festival Grounds, \$800 thousand for the new golf course and various other facilities and improvements being constructed totaling \$1.3 million.

### **2011 Capital Assets**

As of June 30, 2011, the Park's investment in capital assets approximated \$46.9 million, net of accumulated depreciation. This investment consists principally of buildings and related improvements, ground improvements, and equipment. At June 30, 2011, the Park has construction in progress of approximately \$6.4 million relating to projects throughout the Park, including \$2.5 million for the new Arbor Room Pavilion at Popp's Fountain, \$1.2 million in infrastructure around the Great Lawn to service the planned Tri-Centennial improvements and various other facilities and improvements being constructed totaling \$2.7 million.

## **NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

### **Management's Discussion and Analysis, continued**

**June 30, 2012 and 2011**

#### **ECONOMIC FACTORS AND OUTLOOK**

The Park continues to rebuild and restore its facilities following Hurricane Katrina. Due to the hurricane, 90% of the staff was laid off and virtually all operations were closed. From 2006 through 2012, several facilities have reopened, including the Botanical Garden, Tad Gonnley Stadium, Pan American Stadium, various ball fields, North Golf Course and Driving Range, Storyland, and the Carousel Gardens Amusement Park. As of June 30, 2012 nearly all of the Park's facilities have reopened. In October of 2011, the Park opened the Arbor Room at Popp's Fountain, a new facility for catered events. In April of 2011, the Park opened the Pepsi Tennis Center to replace the older smaller facility that was near the site of the future miniature golf facility, expected to be open by the summer of 2013. The Park has also hosted several events including the annual Celebration in the Oaks, Voodoo Festival, and various run/walk events.

#### **CONTACTING THE PARK'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our patrons and other interested parties with a general overview of the Park's finances and to demonstrate the Park's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the New Orleans City Park Improvement Association at (504) 482-4888.

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**Statements of Net Assets**

**June 30, 2012 and 2011**

<u>Assets</u>	<u>2012</u>	<u>2011</u>
Current assets		
Cash (note 2):		
Unrestricted	\$ 505,796	\$ 221,974
Restricted	242,963	156,299
Total cash and cash equivalents (note 2)	748,759	378,273
Investments substantially restricted (note 2)	27,909	27,909
Investments with Louisiana Asset Management Pool (note 2)	2,165,422	2,218,977
Receivables (less allowance for doubtful accounts):		
Friends of City Park	264	24,101
Federal grant receivable	526,687	420,250
State of Louisiana	812,497	990,222
Other	353,948	455,021
Inventories	126,740	108,067
Prepaid expenses and other assets	34,699	45,962
Total current assets	4,796,925	4,668,782
Investments held at the Greater New Orleans Foundation (note 2)	2,140,742	1,271,828
Capital assets, net (note 3)	49,816,820	46,853,157
Total assets	<u>\$ 56,754,487</u>	<u>\$ 52,793,767</u>
 <b><u>Liabilities and Net Assets</u></b>		
Current liabilities:		
Accounts payable - trade	\$ 1,253,140	\$ 867,308
Other liabilities	75,421	62,923
Accrued salaries	130,073	84,035
Deferred income (note 4)	827,689	943,057
Insurance payable	-	194,028
Due to other governments (note 5)	414,514	707,112
Accrued vacation leave	300,033	285,212
Total current liabilities	3,000,870	3,143,675
Long-term liabilities		
Other postretirement benefits	1,725,900	2,050,575
Total liabilities	<u>4,726,770</u>	<u>5,194,250</u>
Net assets		
Invested in capital assets	49,816,820	46,853,157
Restricted	2,367,005	1,583,387
Unrestricted	(156,108)	(837,027)
Total net assets	<u>52,027,717</u>	<u>47,599,517</u>
	<u>\$ 56,754,487</u>	<u>\$ 52,793,767</u>

See accompanying notes to financial statements

# NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

## Statements of Changes in Net Assets

For the years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenues		
Amusements, concerts and other events	\$ 3,700,536	\$ 3,727,371
Concessions, catering, and restaurant revenue	3,813,133	2,702,718
Golf operations	1,610,764	1,448,729
Horticulture, grounds and pavilion	671,410	653,986
Stadium rentals and concessions	777,921	639,903
Tennis fees and shop sales	383,943	237,814
Total operating revenues	<u>10,957,707</u>	<u>9,410,521</u>
Operating expenses:		
Amusements, concerts and other events	1,814,407	1,685,000
Concessions, catering, and restaurant expense	2,950,270	2,314,390
Depreciation	3,181,606	2,922,588
General park	4,094,403	3,946,964
Golf operations	1,341,074	1,235,617
Horticulture and grounds	861,015	751,876
Stadium	703,819	571,064
Tennis	285,922	215,713
Hurricane Katrina loss	-	230
Postretirement benefits expense	(324,675)	344,506
Total operating expenses	<u>14,907,841</u>	<u>13,987,948</u>
Net operating loss	<u>(3,950,134)</u>	<u>(4,577,427)</u>
Non-operating income (expense)		
Donations	1,142,241	406,190
Interest income	25,149	22,230
State revenue	2,065,326	2,152,120
Lease revenue	120,795	123,660
Insurance claim revenue	801,606	-
Other revenue	82,154	429,326
Other expense	(38,164)	(394,463)
Total non-operating income	<u>4,199,107</u>	<u>2,739,063</u>
Changes in net assets before capital contributions	248,973	(1,838,364)
Capital contributions	<u>4,179,227</u>	<u>9,897,253</u>
Changes in net assets after capital contributions	4,428,200	8,058,889
Net assets at beginning of year	<u>47,599,517</u>	<u>39,540,628</u>
Net assets at end of year	<u>\$ 52,027,717</u>	<u>\$ 47,599,517</u>

See accompanying notes to financial statements



**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**Statements of Cash Flows**

**For the years ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Cash received from user fees and other park activities	\$ 10,834,182	\$ 9,229,004
Cash payments to suppliers for goods and services	(6,743,161)	(5,355,672)
Cash payments to employees for services	(5,397,151)	(4,972,280)
Net cash used in operating activities	<u>(1,306,130)</u>	<u>(1,098,948)</u>
Cash flows from noncapital and related financing activities		
Cash received from State of Louisiana	2,198,584	2,386,548
Cash received from donations	337,325	398,090
Cash received from lease revenue	120,795	123,660
Net cash provided by noncapital financing activities	<u>2,656,704</u>	<u>2,908,298</u>
Cash flows from capital and related financing activities		
Contributed by others for capital improvements	3,445,569	5,215,077
Acquisition and construction of capital assets	(5,324,122)	(6,930,805)
Net cash used in capital and related financing activities	<u>(1,878,553)</u>	<u>(1,715,728)</u>
Cash flows from investing activities		
Interest received on investments	10,184	22,230
Insurance claim proceeds	801,606	-
Other revenue	33,120	64,561
Net cash provided by investing activities	<u>844,910</u>	<u>86,791</u>
Net increase in cash and cash equivalents	<u>316,931</u>	<u>180,413</u>
Cash and cash equivalents at beginning of the year	<u>2,625,159</u>	<u>2,444,746</u>
Cash and cash equivalents at end of the year	<u>\$ 2,942,090</u>	<u>\$ 2,625,159</u>
Reconciliation of cash and cash equivalents		
Cash	\$ 748,759	\$ 378,273
Investments substantially restricted	27,909	27,909
Investments with Louisiana Asset Management Pool	2,165,422	2,218,977
	<u>\$ 2,942,090</u>	<u>\$ 2,625,159</u>
Reconciliation of net operating loss to net cash used in operating activities are as follows		
Operating loss	\$ (3,950,134)	\$ (4,577,427)
Adjustments to reconcile net operating loss to net cash used in operating activities		
Depreciation	3,181,606	2,922,588
Increase in receivables	(8,157)	(212,175)
(Increase) decrease in inventories	(18,673)	8,373
Decrease in prepaid expenses and other assets	11,263	441,221
Increase (decrease) in trade payables and insurance payable	38,679	(62,610)
Increase (decrease) in accrued liabilities and other liabilities	(445,346)	350,424
Increase (decrease) in deferred income	(115,368)	30,658
Net cash used in operating activities	<u>\$ (1,306,130)</u>	<u>\$ (1,098,948)</u>
Noncash investing, capital and financing activities		
Contributions to GNOF	\$ 804,916	\$ 8,100
In kind capital contributions	<u>\$ 804,756</u>	<u>\$ 4,982,407</u>
See accompanying notes to financial statements		

## **NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

### **NOTES TO FINANCIAL STATEMENTS**

#### **(1) Summary of Significant Accounting Policies**

The State of Louisiana legislature passed Act 84 of 1870 which established a public park in the City of New Orleans (the City) and created the New Orleans Park Board of Commissioners. By Act 87 of 1877, the Board was abolished and the powers and duties were transferred to the City Council of New Orleans

In 1896, Act 84 of 1870 was repealed and Act 130 gave recognition to an organization called the "New Orleans City Park Improvement Association" (the Park), an agency of the State, which was to manage and supervise the City's park.

Act 865 of 1982 transferred the Park to the State Department of Culture, Recreation and Tourism. The Park shall be used for park, educational and cultural purposes

#### **(a) *Reporting Entity***

For financial reporting purposes and in accordance with Governmental Accounting Standards Board's definition of a reporting entity, the Park has only one fund, an enterprise fund, which accounts for all assets, liabilities and operations of the Park, and, as such, is considered a primary government

Of the 36 authorized Board members, 13 are appointed by various governmental units and nonprofit organizations. The remaining board members serve limited staggered terms and are appointed by the current Board members of the Park. The Park's Board members have decision-making authority over the activities of the Park including: the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. The Park has no special financial relationships with any other governmental unit and is responsible for its own debt and surpluses and deficits.

#### **(b) *Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The accounting policies of the Park conform to accounting principles generally accepted in the United States of America as applicable to governments. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses, excluding depreciation and amortization, are recorded when a liability is incurred, regardless of the timing of related cash flows. The Park has no governmental or fiduciary funds. The Park uses fund accounting to report its financial position and results of operations. The Park's accounts are organized into a single proprietary fund.

The enterprise fund (a proprietary fund) is used to account for operations (a) that are operated in a manner similar to private business where the intent of the governing body is that the cost (expense, including depreciation) of providing goods and services to the general public is financed or recovered primarily through user charges or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred and/or changes in net assets is appropriate for capital maintenance.

## NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS

#### **(1) Summary of Significant Accounting Policies (continued)**

The Park's principal operating revenues are the fees received for services. The Park applies all applicable FASB pronouncements issued on or before November 30, 1989 in accounting for its operations unless those pronouncements conflict or contradict GASB pronouncements.

##### **(c) *Investments***

Investments are stated at fair value based on quoted market prices. If quoted prices are not available, fair value is estimated based on similar securities. Louisiana Revised Statutes authorize the Park to invest in bonds, treasury notes, certificates or other obligations of the United States, or time certificates of deposit in state banks organized under Louisiana laws and national banks having principal offices in the State. All investment income including changes in the fair value of the investments is recognized in the Statements of Revenues, Expenses, and Changes in Net Assets.

##### **(d) *Inventories***

Inventories, consisting primarily of gift shop, concession, and catering supplies, are valued at cost, which approximates market, using the weighted average method.

##### **(e) *Capital Assets***

Capital assets are stated at historical cost. Contributed assets are recorded at fair market value at the time received. An item is classified as a capital asset if the individual cost is \$1,000 or greater and has a useful life in excess of 1 year. Depreciation is provided using the straight-line method over the estimated useful lives.

##### **(f) *Vacation Leave***

The Park permits employees a limited amount of earned but unused vacation benefits not to exceed 300 hours, which will be paid to employees upon separation from Park service.

##### **(g) *Net Assets***

The Park classifies net assets into three components: invested in capital assets, net of related debt; restricted; and unrestricted. These components are defined as follows:

Invested in capital assets - This component of net assets consists of capital assets, net of accumulated depreciation. As of June 30, 2012 and 2011, the Park did not have debt related to capital assets.

Restricted - This component reports those net assets with externally imposed constraints placed on their use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component reports net assets that do not meet the definition of either of the other two components.

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**(1) Summary of Significant Accounting Policies (continued)**

***(h) Cash Flows***

For purposes of the statement of cash flows, only cash certificates on hand and on deposit and investments having an initial term of three months or less are included in cash and cash equivalents.

***(i) Allowance for Doubtful Accounts***

The allowance for doubtful accounts is based on prior years experience and management's analysis of possible bad debts. Accounts receivable considered uncollectible are charged against the allowance account in the year they are deemed uncollectible. No allowance for doubtful accounts was recorded at June 30, 2012 and 2011.

***(j) Deferred Income***

Deferred income represents resources the Park has received, but not yet earned, such as federal grant funds received prior to the incurrence of qualifying expenditures, cash deposits received as prepayments from customers on catering events and birthday parties, or prepaid rental revenue.

***(k) Reclassifications***

Certain accounts in the 2011 financial statements have been reclassified to conform to the current year presentation.

**(2) Cash, Cash Equivalents, and Investments**

The following are the components of the Park's cash, cash equivalents and investments at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Current		
Cash in banks	\$ 748,759	\$ 378,273
Certificates of deposit	27,909	27,909
Investments with Louisiana Asset Management Pool	2,165,422	2,218,977
Long-term:		
Investments held at Greater New Orleans Foundation	2,140,742	1,271,828
	<u>\$ 5,082,832</u>	<u>\$ 3,896,987</u>

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**(2) Cash, Cash Equivalents, and Investments (continued)**

Restricted cash and investments as of June 30, 2012 and 2011 are as follows.

	<b><u>Restricted Cash</u></b>	<b><u>Restricted Investments</u></b>	<b><u>Total</u></b>
2012:			
Ribet Fund	\$ -	\$ 27,909	\$ 27,909
Greater New Orleans Foundation	-	2,096,133	2,096,133
Capital funds received from private donors	242,963	-	242,963
	<b><u>\$ 242,963</u></b>	<b><u>\$ 2,124,042</u></b>	<b><u>\$ 2,367,005</u></b>
2011:			
Ribet Fund	\$ -	\$ 27,909	\$ 27,909
Greater New Orleans Foundation	-	1,271,828	1,271,828
Capital funds received from private donors	283,650	-	283,650
	<b><u>\$ 283,650</u></b>	<b><u>\$ 1,299,737</u></b>	<b><u>\$ 1,583,387</u></b>

**Custodial Credit Risk – Deposits** – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Statutes require that the Park's cash and certificates of deposit be covered by federal depository insurance or collateral.

The bank balances of cash and certificates of deposit, as reflected by the banks' records totaled \$1,062,299 and \$384,968 at June 30, 2012 and 2011, respectively. The Park's bank balances and certificates of deposits at year-end were covered by federal depository insurance or by collateral held by the Park's custodial bank in the Park's name.

**Investments** - Statutes authorize the Park to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, commercial paper rated A-1 by Standard & Poors Corporation or P-1 by Moody's Commercial Paper Record, repurchase agreements, and the Louisiana Asset Management Pool (LAMP)

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the state of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R S 33:2955. LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools.

- Credit risk. LAMP is rated AAA by Standard & Poor's.
- Concentration of credit risk. Pooled investments are excluded from the five percent disclosure requirement.

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**(2) Cash, Cash Equivalents, and Investments (continued)**

- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The Park's investment is with the pool, not the securities that make up the pool; therefore, no public disclosure is required.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 53 days as of June 30, 2012.
- Foreign currency risk: Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

As of June 30, 2012 and 2011, the Park had investments totaling \$2,140,742 and \$1,271,828, respectively, in the Greater New Orleans Foundation (GNOF). GNOF investments are held in a donor investment pool which is not categorized under GASB Codification Section 150.164 because investments are not evidenced by securities that exist in physical or book entry form. Investments in GNOF are administered by the Greater New Orleans Foundation, a 501(c)(3) public charity. The primary objective of GNOF is to provide a safe environment for the placement of donor funds in high quality investments. To achieve these objectives, GNOF's investment portfolio consists of three diversified investment portfolios: the money market portfolio, the fixed income portfolio and the equity portfolio.

Investments held at the Greater New Orleans Foundation at June 30 are allocated as follows.

<u>Classification</u>	<u>2012</u>	<u>2011</u>
Money Market Funds	\$ 42,011	\$ 17,620
Fixed Income Funds	286,126	164,137
Equity Funds	1,199,651	747,167
Hedge and Other Funds	612,954	342,904
Total Funds	<u>\$ 2,140,742</u>	<u>\$ 1,271,828</u>

# NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

### (3) Capital Assets

The capital assets of the Park as of June 30, 2012 and 2011 are as follows

<u>Description</u>	<u>2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>2012</u>	<u>Estimated useful life (years)</u>
Land	\$ 3,062,144	\$ -	\$ -	\$ 3,062,144	
Land improvements	9,130,102	1,987,379	-	11,117,481	10-30
Buildings and improvements	28,125,590	4,987,092	-	33,112,682	10-30
Fixed equipment	9,492,261	244,549	353,770	9,383,040	5-20
Moveable equipment	3,919,927	472,698	118,737	4,273,888	3-20
Construction in progress	6,377,291	5,099,482	6,626,020	4,850,753	
	60,107,315	12,791,200	7,098,527	65,799,988	
Less accumulated depreciation	(13,254,158)	(3,181,606)	(452,596)	(15,983,168)	
Capital assets, net	<u>\$ 46,853,157</u>	<u>\$ 9,609,594</u>	<u>\$ 6,645,931</u>	<u>\$ 49,816,820</u>	

Construction in progress of \$4,850,753 and \$6,377,291 as of June 30, 2012 and 2011, respectively, consists primarily of the new Festival Grounds, the new golf course and various other facilities and grounds improvements.

The capital assets of the Park as of June 30, 2011 and 2010 are as follows:

<u>Description</u>	<u>2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>2011</u>	<u>Estimated useful life (years)</u>
Land	\$ 3,062,144	\$ -	\$ -	\$ 3,062,144	
Land improvements	4,961,456	4,168,646	-	9,130,102	10-30
Buildings and improvements	20,625,812	7,499,778	-	28,125,590	10-30
Fixed equipment	9,161,755	330,506	-	9,492,261	5-20
Moveable equipment	3,315,792	604,135	-	3,919,927	3-20
Construction in progress	6,569,334	11,316,381	11,508,424	6,377,291	
	47,696,293	23,919,446	11,508,424	60,107,315	
Less accumulated depreciation	(10,331,570)	(2,922,588)	-	(13,254,158)	
Capital assets, net	<u>\$ 37,364,723</u>	<u>\$ 20,996,858</u>	<u>\$ 11,508,424</u>	<u>\$ 46,853,157</u>	

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**(4) Deferred Income**

Deferred income consists of the following at June 30, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
Event deferral	\$ 584,726	\$ 659,407
Federal funds (FEMA)	27,561	27,561
Restricted contributions	215,402	256,089
	<u>\$ 827,689</u>	<u>\$ 943,057</u>

**(5) Due to Other Governments**

Due to other governments consists of the following at June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
State of Louisiana	\$ -	\$ 312,649
Federal (FEMA)	414,514	394,463
	<u>\$ 414,514</u>	<u>\$ 707,112</u>

Included in the federal grant receivable and due to other governments at June 30, 2011 was \$312,649, which the Park received and remitted to the State of Louisiana's Division of Administration on October 5, 2011 to reimburse the State for a portion of the Park's share of the construction costs of the Arbor Room at Popp's Fountain. Both the State and the Park are applicants on separate FEMA project worksheets that fund this project. The project is managed by the State of Louisiana's Office of Facility Planning and Control.

The Park received payments on FEMA project worksheets, which were reduced by insurance proceeds from the State of Louisiana's Office of Risk Management (ORM). The payments were made by FEMA and ORM prior to the insurance deductibles being allocated and applied to the damage claims, which resulted in duplicate payment. The Park is working with FEMA and ORM to verify the accuracy of the amount owed



## **NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

### **NOTES TO FINANCIAL STATEMENTS**

#### **(6) Operating Leases**

The Park leases certain facilities to various lessees under renewable operating lease agreements. These facilities include the cellular tower, the stables, and land to Christian Brothers School. Minimum future lease receipts as of June 30, 2012, are as follows:

2013	\$ 175,414
2014	139,944
2015	139,944
2016	139,944
2017	131,296
Thereafter	450,500

During the year ended September 30, 2006, the Park extended the lease with Christian Brothers School on similar terms as the existing lease through September 30, 2020. On March 28, 2012, the Park leased the equestrian facilities to Equest Farms for \$4,000 per month through March 28, 2022.

#### **(7) Employee Benefit Plans - Deferred Compensation Plan**

The Park offers its employees a deferred compensation plan created in accordance with Internal Revenue Section 457. The plan, available to all regular full and part-time Park employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to the employee or their beneficiary until termination, retirement, death, or an unforeseeable emergency.

The plan is administered by the State of Louisiana (the State). Participants' rights under the plan are equal to those of the general creditors of the State in an amount equal to the fair market value of the deferred account for each participant. The Park contributed \$95,043 and \$104,483 to the deferred compensation plan in 2012 and 2011, respectively.

#### **(8) Other Postemployment Benefits (OPEB)**

##### ***Plan Description***

Employees of the Park voluntarily participate in the State of Louisiana's health and life insurance plan. The Office of Group Benefits (OGB) provides medical and life insurance benefits to eligible retirees and their beneficiaries. Participants are eligible for retiree benefits if they meet the retirement eligibility as defined in the applicable retirement system and they must be covered by the active medical plan immediately prior to retirement. The postemployment benefits plan is an agent multiple-employer defined benefit OPEB plan. Louisiana Revised Statute (R.S.) 42:801-883 provides the authority to establish and amend benefit provisions of the plan. OGB does not issue a publicly available financial report; however, the entity is included in the Louisiana Comprehensive Annual Financial Report (CAFR).

## NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS

#### **(8) Other Postemployment Benefits (OPEB) (continued)**

##### ***Funding Policy***

The contribution requirements of plan members and the Park are established and may be amended by R S 42 801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. OGB offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) plan, the Exclusive Provider Organization (EPO) plan, and the Health maintenance Organization (HMO) plan. Retired employees who have Medicare Part A and Part B coverage also have access to two OGB Medicare Advantage plans – one HMO plan and one private fee-for-service (PFFS) plan, offered by two companies. Depending upon the plan selected, during fiscal years 2012 and 2011, employee premiums for a single member receiving benefits ranged from \$51 to \$102 and \$49 to \$93 per month, respectively, for retiree-only coverage with Medicare.

The plan is currently financed on a pay-as-you-go basis, with the Park contributing \$129 to \$289 and \$124 to \$262 per month for retiree and spouse coverage for fiscal years 2012 and 2011, respectively.

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life and Employee Accidental Death and Dismemberment (AD&D) coverage, which is underwritten by The Prudential Insurance Company of America. The total premium is approximately \$1 per thousand dollars of coverage of which the employer pays one half of the premium. Maximum coverage is capped at \$50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with AD&D coverage ceasing at age 70 for retirees.

##### ***Annual Other Postemployment Benefit Cost and Liability***

The Park's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities (UAL) over a period of thirty years. A 30-year percentage of projected payroll amortization method with a closed amortization period has been used.

The total ARC for fiscal years 2012 and 2011 is as set forth below:

	<u>2012</u>	<u>2011</u>
Normal cost	\$ 229,900	\$ 294,700
30-year UAL amortization amount	<u>77,400</u>	<u>97,000</u>
Annual required contribution	<u>\$ 307,300</u>	<u>\$ 391,700</u>

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

**(8) Other Postemployment Benefits (OPEB) (continued)**

The following schedule presents the Park OPEB obligation at June 30, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
Beginning net OPEB obligation	\$ 2,050,575	\$ 1,706,069
Annual required contribution	307,300	391,700
Actuarial adjustment	(577,359)	-
Interest on net OPEB obligation	82,023	68,243
ARC adjustment	<u>(118,585)</u>	<u>(98,663)</u>
OPEB cost	(306,621)	361,280
Contributions made (retiree premium)	<u>(18,054)</u>	<u>(16,774)</u>
Change in OPEB obligation	<u>(324,675)</u>	<u>344,506</u>
Ending net OPEB obligation	<u>\$ 1,725,900</u>	<u>\$ 2,050,575</u>

Using the pay-as-you-go method, the Park contributed 4.6% of the annual post-employment benefits cost during fiscal year 2011. The annual post-employment cost was negative for fiscal year 2012.

***Funded Status and Funding Progress***

During fiscal years 2012 and 2011, neither the Park nor the State of Louisiana made contributions to its postemployment benefits plan trust. During fiscal years 2012 and 2011, the plan did not establish or fund a trust. Since the plan was not established or funded, the Park's entire actuarial accrued liability of \$1,725,900 and \$2,156,600 was unfunded at June 30, 2012 and 2011, respectively

The funded status of the plan, as determined by an actuary is as follows

	<u>2012</u>	<u>2011</u>
Actuarial accrued liability (AAL)	\$ 1,725,900	\$ 2,156,600
Actuarial value of plan assets	<u>-</u>	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,725,900</u>	<u>\$ 2,156,600</u>
Funded Ratio (actuarial value of plan net assets / AAL)	0%	0%
Covered payroll	\$ 1,836,500	\$ 1,809,100
UAAL as a percentage of covered payroll	94%	119%

## **NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

### **NOTES TO FINANCIAL STATEMENTS**

#### **(8) Other Postemployment Benefits (OPEB) (continued)**

##### ***Actuarial Methods and Assumptions***

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the State of Louisiana's CAFR, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2011 and 2010, OGB actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return and initial annual healthcare cost trend rate of 7.5% and 8.0%, respectively for pre-Medicare and Medicare eligible retirees as of July 1, 2011 and 2010, scaling down to ultimate rates of 5% per year. The RP 2000 Mortality Table was used in making actuarial assumptions. Retirement rate assumptions differ by employment group and date of plan participation. The Park's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open 30-year basis. The remaining amortization period at June 30, 2012 and 2011, is 25 and 26 years, respectively.

#### **(9) Management Agreements**

On June 11, 2008, the Park entered into a management agreement with Billy Casper Golf (BCG). As part of the management agreement, BCG provides certain procurement functions to and for the benefit of the Park, including solicitation of proposals for certain operations, management and maintenance responsibilities in regard to the facilities and related golf services under the supervision of the Chief Executive Officer and Board of Commissioners of the Park. The agreement term is from July 1, 2008 to December 31, 2012, unless terminated according to the cancellation provisions of the agreement.

#### **(10) Federal Grants**

The Park received federal grants in previous years that are subject to federal examination that may result in a liability.

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION****Schedule of Funding Progress for Louisiana's State OPEB Plan****Last Three Years**

<u>Plan Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a)/c]</u>
2012	7/1/2012	\$ -	\$ 1,725,900	\$ 1,725,900	0.0%	\$ 1,836,500	94.0%
2011	7/1/2011	\$ -	\$ 2,156,600	\$ 2,156,600	0.0%	\$ 1,809,100	119.2%
2010	7/1/2010	\$ -	\$ 2,455,400	\$ 2,455,400	0.0%	\$ 1,598,200	153.6%

See accompanying independent auditors' report.

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION****Schedules of Operating Expenses****For the years ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Administrative	\$ 476,313	\$ 288,129
Advertising	88,632	52,414
Contract labor	348,935	269,734
Contract services	694,173	687,357
Cost of goods sold	1,456,796	1,135,305
Depreciation	3,181,606	2,922,588
Fuel	82,576	63,450
Golf operations	1,340,882	1,235,372
Hurricane Katrina	-	230
Insurance	278,971	272,583
Master Plan	5,515	6,630
Other	91,469	143,258
Other postretirement benefits expense	(324,675)	344,506
Payroll	4,779,685	4,291,941
Payroll benefits	678,325	597,785
Rentals	32,036	53,211
Repairs and maintenance	603,204	658,521
Special events	43,839	43,370
Supplies	483,862	307,807
Telephone	12,431	64,992
Uniforms	9,957	11,827
Utilities	543,309	536,938
	<u>          </u>	<u>          </u>
Operating expenses	<u>\$ 14,907,841</u>	<u>\$ 13,987,948</u>

See accompanying independent auditors' report

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**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**SINGLE AUDIT REPORT**

**JUNE 30, 2012**

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**P&N** Postlethwaite  
& Netterville

A Professional Accounting Corporation

[www.pncpa.com](http://www.pncpa.com)

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Commissioners  
New Orleans City Park Improvement Association

We have audited the financial statements of the New Orleans City Park Improvement Association (the Park) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 17, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States

Internal Control Over Financial Reporting

Management of the Park is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Park's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Park's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Park's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Park's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The

results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

We noted certain matters that we reported to management of the Park, in a separate letter dated December 17, 2012

This report is intended solely for the information of the Park, the Park's management, federal, state and city awarding agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



New Orleans, Louisiana  
December 17, 2012

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD  
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

The Board of Commissioners  
New Orleans City Park Improvement Association

Compliance

We have audited the compliance of the New Orleans City Park Improvement Association (the Park) with the types of compliance requirements described in the *U S Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The Park's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Park's management. Our responsibility is to express an opinion on the Park's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Park's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Park's compliance with those requirements.

In our opinion, the Park complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the Park is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Park's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Park's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Park as of and for the year ended June 30, 2012, and have issued our report thereon dated December 17, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information of the Park, the Park's management; federal, state and city awarding agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



New Orleans, Louisiana  
December 17, 2012

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2012**

<b>Federal Grantor/Program Title</b>	<b><u>CFDA Number</u></b>	<b><u>Federal Expenditures</u></b>
<b><u>U.S. Department of Homeland Security:</u></b>		
Louisiana Office of Homeland Security and Emergency Preparedness Disaster Grants – Public Assistance (Pass-through award)	97.036	<u>\$ 124,821</u>
<b>Total U.S. Department of Homeland Security</b>		<u>124,821</u>
<b><u>U.S. Department of Housing and Urban Development:</u></b>		
City of New Orleans Disaster Community Development Block Grant (Pass-through award)	14.228	<u>2,044,936</u>
<b>Total U.S. Department of Housing and Urban Development:</b>		<u>2,044,936</u>
<b>Total Federal Expenditures</b>		<u>\$ 2,169,757</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**Notes to Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2012**

**(1) General**

The accompanying Schedule of Expenditures of Federal Awards presents the federal grant activity of the New Orleans City Park Improvement Association. The Park's reporting entity is defined in note 1 to the financial statements for the year ended June 30, 2012. All Federal financial awards have been included on the Schedule.

**(2) Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Park's financial statements for the year ended June 30, 2012

**(3) Relationship to Financial Statements**

Federal awards are included in the statements of changes in net assets as capital contributions.

**NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**

**Schedule of Findings and Questioned Costs**

**For the Year Ended June 30, 2012**

**(1) Financial Statements**

(a) The type of auditor's report issued unqualified opinion

(b) Internal control over financial reporting:

Material weakness identified: no

Significant deficiency identified not considered to be material weaknesses: no

Noncompliance material to financial statements noted: no

**(2) Federal Awards**

(a) Internal control over major programs

Material weakness identified: no

Significant deficiency identified not considered to be material weaknesses: no

(b) Type of auditor's report issued on compliance for major programs: unqualified opinion

(c) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a): no

(d) Identification of major programs

- Department of Housing and Urban Development – CFDA No. 14 228 – Community Development Block Grant

(e) Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

(f) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: yes

**(3) Findings Relating to the Financial Statements Reported in accordance with *Government Auditing Standards*: none**

**(4) Findings and Questioned Costs relating to Federal Awards: none**

December 17, 2012

The Board of Commissioners  
New Orleans City Park Improvement Association

We have audited the financial statements of the New Orleans City Park Improvement Association (the Park) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 17, 2012. In planning and performing our audit of the financial statements of the Park, we considered internal control as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Park's internal control. Accordingly, we do not express an opinion on the effectiveness of the Park's internal control.

Current Year Comments

None

Status of Prior Year Comments

2011-1 Tennis Court Theft

*Observation*

The Park's procedures did not detect a misappropriation of cash and checks from its tennis operations in a timely manner totaling \$11,712. The Park's policies and procedures were not sufficient to establish preventative controls over receipts of the tennis operations. Detective controls did not identify the misappropriation in a timely manner.

*Recommendation*

The Park should implement processes and procedures to determine that cash deposits agree to the amount of cash receipts recorded in the general ledger on a timely basis. In addition, an independent review of the deposit logs should be performed to detect inconsistencies with controls put in place.

*Status*

Resolved



The Board of Commissioners  
New Orleans City Park Improvement Association  
Page 2  
December 17, 2012

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Sincerely,

A handwritten signature in black ink, reading "Postlethwaite & Netterville". The script is cursive and fluid, with the first letters of the first and last names being capitalized and prominent.

Postlethwaite & Netterville, APAC

